No. 95-728

IN THE

Supreme Court of the United States

OCTOBER TERM, 1995

WARNER-JENKINSON COMPANY, INC.,

Petitioner,

—vs.—

HILTON DAVIS CHEMICAL CO.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF AMICUS CURIAE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF CERTIORARI

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STATEMENT OF INTEREST

The American Intellectual Property Law Association ("AIPLA") is a national association of more than 8,000 members, primarily attorneys, whose interests and practices lie in the areas of patent, copyright, trademark, trade secret, and other intellectual property law. AIPLA attorneys are employed by private law firms, corporations, universities, and governments, and they represent both patent owners and competitors of patent owners.

The AIPLA has no interest in either of the parties to this litigation or in the outcome of this case, other than its interest in seeking correct and consistent interpretation of the law and litigation procedures relating to patents. The AIPLA has obtained the consent of both petitioner Warner-Jenkinson and respondent Hilton Davis to file this amicus brief.

SUMMARY OF ARGUMENT

The AIPLA submits this amicus brief to express its views on the importance of granting certiorari in this case. Litigants in patent infringement cases need a precise understanding of the jury's role, as well as clear guidelines on the question of infringement under the doctrine of equivalents. The Federal Circuit's decision and order in this case will seriously impact all future patent infringement litigants, and it will affect the orderly administration of the federal district courts themselves. As set forth below, there is a need for this Court's guidance on the important issues presented.

ARGUMENT

I. CERTIORARI SHOULD BE GRANTED HERE TO CLEARLY DEFINE THE TRIAL COURT'S AND JURY'S FUNCTION ON PATENT INFRINGEMENT ISSUES

Jury trials, which at one time were virtually unknown in patent cases, have recently become the norm. As former Chief Judge Nies of the Court of Appeals for the Federal Circuit recently observed:

> In *Blonder-Tongue Lab. v. University of Illinois Found*, 402 U.S. 313, 336 n.30 (1971), the Supreme Court noted that in the three year period spanning 1968-1970, only 13 of 382 patent cases going to trial were jury trials.

> More than half such suits, however, are now tried to juries.
>
> * * *
>
> In the fiscal years 1992-1994, 163 of 274 patent trials were tried to a jury. In fiscal year 1994, 70% of patent trials were tried to juries.

American Airlines v. Lockwood, 50 F.3d 966, 980-81 and n.1 (Fed. Cir. 1995) (Nies, J., dissenting from the Federal Circuit's refusal to rehear *en banc*)(citations omitted).

There appear to be several reasons why juries have become the preferred choice for patent trials. First, given the heavy dockets our federal district courts face, a jury verdict usually is rendered more quickly after trial than a judge's decision. Second, a jury verdict is more difficult to overturn on appeal. Third, there is a widely held perception that juries have shown a propensity to find for the patentee.

The increased use of juries in patent infringement litigations has led to serious questions concerning their role, as well as to disagreement over which issues juries may be allowed to decide. There is now only one appellate court (the Federal Circuit) that hears patent cases, a procedure that was adopted in the search for uniformity in the patent laws. *See Christianson v. Colt Ind. Oper. Corp.*, 486 U.S. 800, 820 (1988) (Stevens, J., concurring); *Commodities Export Co. v. U.S. Customs Service*, 957 F. 2d 223, 227 (6th Cir. 1992), *cert denied*, ___ U.S. ___, 113 S.Ct. 96 (1992). However, that court is irreconcilably divided on fundamental questions governing the role of juries. *See Lockwood*, 50 F.3d 966. As noted in *Lockwood*, by the former Chief Judge of that court, the divergent views expressed in the several opinions issued on the role of juries "creates the type of conflict with other circuits that warrants Supreme Court review." *Lockwood*, 50 F.3d at 987 (Nies, J., dissenting from the Federal Circuit's refusal to rehear *en banc*).

The conflict concerning the function of juries in patent cases is evident from the Federal Circuit's recent attempts to bring order through the use of *en banc* review—attempts that instead have produced splintered decisions with numerous and conflicting opinions. The Federal Circuit has addressed the jury's role in three noteworthy decisions this year alone, each one of which sharply divided that court.

Markman v. Westview Instruments Inc., 52 F.3d 967 (Fed. Cir. 1995 (*en banc*)), *cert. granted*, Sept. 8, 1995, No. 95-26, which held that claim construction is a question of law exclusively for the court (even when it involves resolving evidentiary disputes such as the meaning of technical terms) generated four opinions—the majority, which 8 of the judges joined, two concurrences and one dissent.

In *Lockwood*, the court held that a complaint seeking only declaratory relief against a patentee was nevertheless triable to a jury as a matter of constitutional right if the patentee demanded it. While the three member panel that heard *Lockwood* reached a unanimous decision, three judges, including the current and former chief judges, wrote strong dissents to the refusal to rehear the case *en banc*.

Moreover, the present case produced 5 separate opinions, with only 7 of the 12 judges joining in the majority opinion.

The unsettled state of the law governing the role of juries in patent cases is evident from the fact that, in the only Court of Appeals with jurisdiction in those cases, twelve judges have all cited the same precedents from this Court, yet reached divergent conclusions.

This Court already has recognized the need for its intervention on two of the important issues relating to the role of the jury in patent cases. Certiorari was granted in *Lockwood* to review the question of whether a demand for purely declaratory relief is, at the patentee's insistence, triable to a

jury.[1] More recently, this Court decided to hear, and now has under review, the *Markman* case.

The AIPLA submits that the present case also merits this Court's review and should be considered together with *Markman*. Like *Markman*, *Hilton Davis*[2] arises from an unsuccessful *en banc* attempt to reach uniformity at the Federal Circuit. Like *Markman*, the issues to be addressed concern claim interpretation and infringement—issues that arise in almost every patent jury trial.

Moreover, there appears to be an inherent tension between the Federal Circuit's majority opinions in *Markman* and *Hilton Davis*. The *Markman* majority held that the scope and meaning of the patent claims—a fundamental prerequisite for proper infringement analysis—is a matter of law to be decided exclusively by the judge. On the other hand, the majority in the present case concluded that the question of equivalence—which determines the extent (if any) by which the enforceable scope of the patent claims exceeds their literal scope—is an issue for the jury to resolve. The Former Chief Judge observed that *Hilton Davis* presented the "complementary question" to that of *Markman*—*i.e.*, "whether determination of the scope of the claim likewise is a question of law." *Hilton Davis*, 62 F.3d at 1569 n.19 (Nies, J., dissenting). Yet, as is evident, the Federal Circuit majority reached different conclusions on these closely related issues.

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[1] That review, unfortunately, was foreclosed by the patentee's subsequent withdrawal of its jury demand. This Court accordingly vacated the judgment and remanded the case. *American Airlines, Inc. v. Lockwood*, ___ U.S. ___, 116 S.Ct. 29 (1995).

[2] *Hilton Davis Chemical Co. v. Warner-Jenkinson Co., Inc.*, 62 F.3d 1512 (Fed. Cir. 1995).

II. THERE IS NEED FOR CLARIFICATION AND UNIFORMITY AS TO THE ELEMENTS FOR ESTABLISHING INFRINGEMENT UNDER THE DOCTRINE OF EQUIVALENTS

Hilton Davis involves the doctrine of equivalents, a doctrine developed in the nineteenth century and crystallized in this Court's opinion in *Graver Tank & Mfg. Co. v. Linde Air Products*, 339 U.S. 606 (1950). The doctrine of equivalents assures that patent infringement is determined by substantive merit rather than formalistic literalism.[3] The doctrine is and has been one of the most important, and controversial, principles applied in patent litigation. As recently as 1989, the doctrine was labelled "the primary (although not the exclusive) cause of the current uncertainty surrounding the scope of patent claims"—an uncertainty that "hinders both patent holders and potential defendants from assessing the outcome of litigation or from making other business decisions, such as the direction that research and development efforts should take." Adelman & Francione, *The Doctrine of Equivalents in Patent Law: Questions That Pennwalt Did Not Answer*, 137 U. Pa. L. Rev. 673, 682-83 (1989) (footnotes omitted).

En banc review did not result in a clear consensus. The Federal Circuit issued 5 separate opinions. Seven of the twelve judges subscribed to the majority opinion; one of those seven judges also authored an opinion concurring in the result; and five judges dissented, in three separate opinions. That fragmentation demonstrates fundamentally divergent views.

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[3] For nearly two hundred years courts have applied the doctrine of equivalents when literal infringement cannot be proven in order "to protect the substance of the patentee's right to exclude." *Hilton Davis Chemical Co. v. Warner-Jenkinson Co., Inc.*, 62 F.3d 1512, 1516 (Fed. Cir. 1995). *See also Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605, 607-08 (1950).

The issues on which litigants need guidance, and on which the Federal Circuit is irreconcilably divided, are:

(1) Is the doctrine one of equitable application and therefore to be resolved solely by the judge? (The majority of the Federal Circuit held that it is not.)

(2) Does the doctrine require as a predicate a finding that the accused infringer sought to evade the ambit of the patent? (The majority of the Federal Circuit held that it does not.)

(3) Is the tripartite test of substantial identity of means, way, and result that was formulated in *Graver Tank* the sole determinant of infringement by equivalence? (The Federal Circuit majority held that it is not and that a broader test based on the "substantiality of the differences" should be applied.)

The first dissenting opinion, Judge Plager criticized the majority for pronouncing a new standard, one which differs from the *Graver Tank* analysis, stating that the majority's new test "may come as a revelation to many in the bar." *Hilton Davis*, 62 F.3d at 1537 (Plager, J., dissenting, joined by Chief Judge Archer and Judges Lourie and Rich). Similarly, the concurring opinion noted that "any change in the legal and factual fundamentals as explicitly laid out by the Supreme Court is beyond our judicial authority." *Hilton Davis*, 62 F.3d at 1529 (Newman, J., concurring). On the other hand, while Judge Lourie agreed with the majority view that "function, way and result" are not the entire test and that substantiality of the differences is paramount, he dissented (in an opinion joined by Judges Rich and Plager) on the ground that good faith or bad faith *are* relevant in deciding whether the doctrine applies. These judges would have held that equivalence is an equitable issue which should be decided by the judge, not the jury. *Hilton Davis*, 62 F.3d at 1550.

The third dissent partly endorses the views of the first dissent on the question of equivalence, but concludes that the court in this case should have directed a verdict of no infringement. *Hilton Davis*, 62 F.3d at 1550 (Nies, J., dissenting, joined in part by Chief Judge Archer.) These dissenters concluded that the doctrine of equivalents presents mixed questions of fact and law and that the judge should decide, and instruct the jury, what the scope of the claims is, whether equivalence is circumscribed by factors such as estoppel, and what fact issues are left for the jury to decide. *Id.* at 1556-58.

Given the fundamental importance of the doctrine of equivalents in virtually all patent litigation, the unfortunate lack of uniformity in the Federal Circuit's analyses of that doctrine, and the need for consistency in determining the respective roles of the judge and jury, the AIPLA believes that there is an urgent need for this Court to clarify the law. We, therefore, strongly urge this Court to grant certiorari and to resolve these important issues.

CONCLUSION

The judiciary, the bar, and participants in the competitive marketplace are in need of the "clear and reviewable boundaries" that only this Court can issue. Indeed, two members of the Federal Circuit appear to be calling upon this Court to do just that. Judge Nies noted that this Court has not addressed the conflicting interests of the doctrine of equivalents under the current statute and Patent Office procedures, both of which have changed significantly since *Graver Tank*. *Hilton Davis*, 62 F.2d at 1563 (Nies, J., dissenting). See also *Hilton Davis*, 62 F.2d at 1529 (Newman J., concurring) ("any change in the legal and factual fundamentals so explicitly laid out by the Supreme Court is beyond our judicial authority").

For all the foregoing reasons, the AIPLA respectfully submits that the Federal Circuit's decision and order in this case are of substantial importance to the public generally and particularly to patent owners and their competitors, as well as to the efficient administration of justice by our Federal district courts. Accordingly, the AIPLA respectfully urges this Court to grant the petition for certiorari.

Respectfully submitted,

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